

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**COLORADO RIVER STORAGE PROJECT
ARIZONA, COLORADO, NEW MEXICO, UTAH**

**MONTHLY CHARGE CALCULATION FOR NETWORK INTEGRATION
TRANSMISSION SERVICE**

Effective:

The first day of the first full billing period beginning on or after October 1, 2008, and extending through September 30, 2013, or until superseded by another rate schedule, whichever occurs earlier.

Available:

In the area served by the Colorado River Storage Project (CRSP) transmission system.

Applicable:

To network transmission service customers for which power and energy are supplied to the CRSP transmission system at points of interconnection with other systems and transmitted and delivered, less losses, to points of delivery on the CRSP transmission system established by contract.

Character and Conditions of Service:

Transmission service for alternating current, 60 hertz, three-phase, delivered and metered at the voltages and points of delivery established by contract.

Monthly Network Formula:

The Network integration transmission service charge will be the product of the network customer's load ratio share times one twelfth (1/12) of the total net annual transmission revenue requirement. The same Net Annual Transmission Revenue Requirement is used in determining the rate for network transmission service as for point-to-point transmission service. It is based on a test year using an annual fixed charge methodology. The test year is the most recent year for which historical data is available. The annual revenue requirement is reduced by revenue credits. The formula is as follows:

1. $ATTR - TRC = NATRR$

2. NATRR X Transmission customer's Load-Ratio Share
12

Where:

ATRR = Annual Transmission Revenue Requirement. The costs associated with facilities that support the transfer capability of the CRSP transmission system, excluding generation facilities. These costs include investment costs, interest expense, depreciation expense, administrative and general expenses, and operation and maintenance expenses, including transmission purchases. Transmission purchases reflect those costs associated with CRSP contractual rights.

TRC = Transmission Revenue Credits. The revenues generated by the CRSP transmission system, such as scheduling and dispatch ancillary services revenues and phase shifter revenues, and excluding long-term firm transmission revenues.

NATRR = Net Annual Transmission Revenue Requirement. The Annual Revenue Requirement less Transmission Revenue Credits.

Load-Ratio Share = Network customer's hourly load (including its designated network load not physically interconnected with Western) coincident with Western's monthly CRSP transmission system peak.

This formula will be recalculated annually by applying the data from the most current historical test year. If needed, a revised rate will be placed into effect every October 1. Western will provide notification 30 days prior to a revised rate becoming effective.

The monthly charge for network transmission service includes scheduling, system control, and dispatch. Rate Schedule SP-RS3, or any superseding rate schedule, will be attached as part of this Rate Schedule and applies to network transmission customers.

Billing:

Billing determinants for the formula rate above will be as specified in the service agreement.

Requirements for Reactive Power:

Requirements for reactive power shall be as established by contract; otherwise, there shall be no entitlement to transfer of reactive kilovolt amperes at delivery points except when such transfers may be mutually agreed upon by the Contractor and the contracting officer or their authorized representatives.

Adjustment for Losses:

Power and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer as established by contract. If losses are not fully provided by a transmission customer, charges for financial compensation may apply.

Adjustment for Industry Restructuring:

Any transmission-related costs incurred by Western due to electric industry restructuring or other industry changes associated with providing CRSP transmission service will be passed through to each transmission customer, as appropriate.